A study on challenges faced by pharmaceutical companies for New Product launches

Deva H. Puranam¹, Trupti V. Pathak², Rushi B. Joshi³

¹Global Quality, Mylan NV, 1000 Mylan Blvd, Canonsburg, PA, USA ²Puniska Healthcare Pvt. Ltd, Ahmedabad, India ³IITE, Gandhinagar, Gujarat, India.

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Introduction

Darwin claims that 'There is a continuous struggle for existence in nature and only fittest can survive in world' the theory of Darwin till today very true and acceptable for living organisms. Particularly for industries it is also applied very well for a company or a industry.

Existence of industries or survival of business depends on

Co-operative mutualization.

Competition between individuals.

Strategies to enhance fitness.

The Global Trade System can be viewed as a dynamic ecosystem in which industry struggle for resources and existence. Global trend is complex system market are highly dynamic and customers have proven resource of new solutions in various product as directly involved in process. Evolution of market shifts in social, economic and technological knowledge society. Market evolution is a long process but factors that changes market are under growing. In market competition small firms always face major threats from large companies. It has become challenging for most business to keep their financial wheels turning during the lock down period due to less revenue and general uncertainty in the global financial environment.

As globalization of market, highly competitive business environment, rapid technological changes in medical field and short product life-cycles have made pharmaceutical companies to think about new product development and sustainability in market. Low R&D productivity, high R&D costs, tight regulation, low probabilities of technical success, unsure market, and limited qualified human resources are major factors that pharmaceutical industry have to face in new product development. New product development is a high-risk and costly process with significant failure rate. Generic and Non-generic pharmaceutical companies have some key differences as times and costs allocated to develop new products. Longer clinical phases and longer regulatory approval periods in non-generic companies, takes a lot of time as product could fulfil needed requirements to be launched to the market, while such requirements are not mandatory within generic companies.

Introducing successful new products, which the growth and development of a firm depend on, technological knowledge and ability to transform it into new products. Assets to facilitate the manufacturing, marketing, sales, and distribution of those products are required. This study aims to identify the factors effecting in pharmaceutical industry while launching new product in market.

Rational of Study In industry Success factors of new product development includes Organizational factors

Human capital Intellectual capital Relational capital Organizational capital Finance related factors Investment capital Advertise and marketing Forecasting investment Collection of payments Company-related factors like managerial capabilities management commitment Tangible assets in companies Intangible assets in companies

Product-related factors

Products are mostly developed to satisfy customer's needs however, in the case of pharmaceuticals, not customer's needs but health system's interests should be considered. Therefore, the factorimpact of product on health is taken in to account as a product-related factors in pharmaceuticals.

Quality Development speed Marketing efficiency Prise Patients and health system.

Finally, the new product compatibility with knowledge and expertise of company can increase the chance of success for new product.

In addition to effect of abovementionedfactors, success of new pharmaceutical products is highly affected bycurrent competitors, customer's need, supplier's competition, substitute or alternative products and government regulations. Regulations can affect the new product success through price setting, reimbursement or subsidizing policies, and licensing procedures, patent right and market plays significant role in new product success.

However, with changing market dynamics, new trends, and highly impactful market growth, the industry is on the path to recovery. Factors such as high life expectancy, increased awareness about health and wellness awareness about chronic diseases are hurdles for growth in the industry. Looking to this present study highlights factor which are having significant impact on launching new product in market.

Objective of study

Objectives of study were stated as under

1. To prepare questionnaire for knowing factors effecting to launching new pharmaceutical product in market.

2. To know factors effecting to launching new pharmaceutical product in market.

3. To study impact of factors on allopathic and ayurvedic medicine producing industries.

Hypothesis

H1There will be no any significant effect of various factor on launching new product in market for allopathic and ayurvedic medicine producing industries.

Preparation of tool

Looking to above discussion regarding areas and factor effecting to industries in marketing product questionnaire was developed which covers following areas.

- 1. Company size and turnover
- 2. Organization setup
- 3. Financial condition of industries
- 4. Customers and Quality of product
- 5. Market Competition
- 6. Regulations of government

Initially 50 questions were constructed for questionnaire but after expert opinion 30 questions were included in final questionnaire. Each question having four option of percentage. So impact of particular factor on launching new product in market was in percentage.

Variables of study

Independent Factor effecting to launch new product

1. Company size and turnover2. Organization setup3. Financial condition of industries4. Customers and Quality of product5. Market Competition6. Regulations of governmentType of ProductAyurvedic

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Dependent Controlled Allopathic Average percentage of impact in particularfactor Medium scale Industries (Revenue nearly150 million & turnover 50 to 80 million)

PopulationAll medium scale industries manufacturing allopathic and ayurvedic medicine in Gujarat state were included in population of study.

Sample From the population 15 industries manufacturing allopathic and 15 industries manufacturing ayurvedic medicine were selected from industrial area of Rajkot, Ahmedabad and Ankleshwer industrial area/GIDC. Thus total 30 small scale industries were selected as sample of present study.

Data collection After communication with owner of industries as per their conveniency researcher visited industries. After explaining purpose of study questionnaire was presented for providing data regarding their industries.

Scoring

Inquestionnaire for each factor there were five questions. Impact of particular sub factor was accepted in percentage and at the end average of percentage for individual area was calculated. The average of individual area was considered as average impact of that area on launching new product in market.

Testing of Hypothesis

H1 There will be no any significant effect of various factor on launching new product in market for allopathic and ayurvedic medicine producing industries.

To test hypothesis kai-square equal probability test was applied for each area of allopathic and ayurvedic medicine producing industries. Value of kai-square more then P70 was considered as significant. Table 1 indicate area wisesignificance for allopathic and ayurvedic medicine producing industries.

Table 1 Factor wise significance of kai-square value for allopathic and ayurvedic medicine producing industries

maustries			
1	Company size and turnover	allopathic	Significant
		ayurvedic	Not significant
2	Organization setup	allopathic	Not significant
		ayurvedic	Not significant
3	Financial condition of industries	allopathic	Significant
		ayurvedic	Significant
4	Customers and Quality of product	allopathic	Significant
		ayurvedic	Significant
5	Market Competition	allopathic	Not significant
		ayurvedic	Significant
6	Regulations of government	allopathic	Significant
		ayurvedic	Significant

According to table 1 for allopathic medicine industries factors 1, 3, 4 and 6 have significant impact on launching new product in market. For ayurvedic medicine industries factors 3, 4, 5 and 6 have significant impact on launching new product in market.

Results

Financial condition of industries, Customers and Quality of product and Regulations of governmenthave significant impact on launching new product for pharmaceutical industries.

Discussion

Result of study shows that financial factor, market factor and regulation policy are main factor which are effecting to launch new product in market. Company size and turn over shows impact in allopathic medicine industries while market competition shows impact in ayurvedic medicine industries. As allopathic medicine have faster effect then ayurvedic medicine in medical issues ayurvedic medicine industries have to wait for some long period for sustainability of their product this restrict to make change or improvement in product for customer satisfaction.

Abstract

Present study was aimed to study Problem faced by pharmaceutical company while launching new product in market. Study was carried out for middle scale pharmaceutical industries. Sample of 30 industries was taken in account for study among which 15 industries manufacturing allopathic and 15 industries manufacturing ayurvedic medicine were selected. For statistical analysis kai-square equal probability test was applied. Results indicates that Financial condition of industries, Customers and Quality of product and Regulations of governmenthave significant impact on launching new product for pharmaceutical industries. Company size and turn over shows impact in allopathic medicine industries while market competition shows impact in ayurvedic medicine industries.

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